

FLYER

058A-7
November 9, 1994

TO: Chief, Human Resources Management Service

SUBJ: New Method to Expedite Alternative Annuity Processing

This flyer transmits Benefits Administration Letter (BAL) Number: 94-103. The BAL provides information about expediting the processing of an alternative annuity election. The Office of Personnel Management (OPM) will now allow eligible employees to make an alternative annuity election before retirement. This BAL transmits two forms (RI 38-123 and RI 37-22) that contain election and tax information. Also transmitted is a form (RI 38-122) that an employee may use to make his or her alternative annuity and rollover elections known to OPM. These forms may be reproduced locally.

Any questions you may have regarding this flyer may be directed to Rod Meader at FTS (202) 535-8586.

Office of Human Resources
Management (058A)

Office of Personnel Management

Retirement and Insurance Group



1920



1954



1959



1986

Benefits Administration Letter

Number: 94-103

Date: September 2, 1994

SUBJECT

Expedited Alternative Annuity Processing

DISCUSSION

We expect to see an increased number of employees retiring on a discontinued service retirement by September 29, 1994, as a result of downsizing. Most will be eligible to receive an alternative form of annuity (AFA) and a lump-sum payment of retirement contributions. After September 29, 1994, only those employees retiring on a non-disability annuity with a life-threatening affliction or other critical medical condition may continue to qualify for the AFA.

CURRENT PROCESS

We currently send retiring employees an AFA election at the time we are finalizing their retirement claim. This takes about 30 to 60 days after we get the retirement paperwork, a timeframe which will lengthen during the upcoming surge.

The election letter provides the amount of the lump sum and the annuities that will be payable with and without an alternative annuity reduction. Tax and "rollover" information are also provided at this time. This procedure delays payments to retirees who were in a position to make their decisions at the time they retired. This process will continue to be available to retiring employees who prefer it.

EXPEDITED PROCESS

To expedite the AFA process for those employees in a position to make AFA and "rollover" decisions at the time they retire, we will allow the elections to be made before retirement based on the information provided by the employing agency. This will permit us to authorize payment of the lump sum more promptly. Employees electing the lump sum who properly complete the form will receive their lump sums at least 30 days earlier than those who opt for the current process.

CAUTION

The opportunity to elect the lump-sum payment before retirement underscores your responsibility for sound retirement counseling and the submission of complete retirement packages. Be sure your counselors are familiar with Chapter 53 of the CSRS and FERS Handbook for Personnel and Payroll Offices (formerly FPM Supplement 830-1). This chapter describes the alternative annuity provisions and provides the AFA actuarial factors for annuities prior to October 1, 1994. You will receive the

revised factors for annuities beginning on or after October 1, 1994, at a later date.

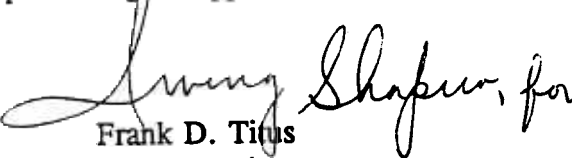
Your counselors should also be aware that court orders providing benefits to the employee's former spouse preclude AFA elections. Remember that AFA elections are irrevocable once a claim is finalized and carry significant tax consequences. Employees who do not wish to receive their lump-sum payments during 1994, or who want to receive more detailed information from OPM specific to their case should not use the expedited process.

OPM Form 1510 Be sure to use the **June 1993** edition of OPM Form 1510, Certification of Agency Offer of Position and Required Documentation, to document the discontinued service retirement. A copy of this form was provided in Retirement Counselor Letter 93-304, dated July 16, 1993. Failure to use this form may delay payment of the lump sum.

HOW TO APPLY FOR THE AFA Employees should read both the Alternative Annuity Election Information For Employees (Form RI 38-123) and the Special Tax Notice Regarding Rollovers (Form RI 37-22) before completing the Alternative Annuity and Rollover Election (Form RI 38-122). Copies of these forms are attached and should be locally reproduced. The Special Tax Notice Regarding Rollovers is also found on pages 98-101 of Chapter 40 of the CSRS and FERS Handbook.

Doctor's Certification Employees who believe they are eligible for an alternative annuity due to a life-threatening illness or other critical medical condition may also apply for the AFA at their agency. These employees should attach a doctor's certification of their medical condition to their alternative annuity application. OPM will determine their eligibility for the alternative annuity benefit.

SENDING THE AFA APPLICATION TO OPM After the employee makes the election and returns Form RI 38-122 to the personnel office, staple the form to the back of the retirement application. Continue processing the application under normal guidelines.


Frank D. Titus
Assistant Director
for Retirement Programs

Attachments